

BOARD BILL NUMBER 162

FISCAL NOTE

Preparer's Name Zachary Wilson

Phone Number or Email Address (will be available publicly) wilsonz@stlouis-mo.gov

Bill Sponsor Alderman Roddy

Bill Synopsis:	authorizes 4565 and 4565R McRee Ave. to have 10 years of tax abatement based on 50% of the assessed value of the incremental improvements and that 4591 McRee Ave. to have 10 years of tax abatement based on 90% of the assessed value of the incremental improvements
Type of Impact:	None this year. Financial score card that was presented to LCRA on November 6, 2019 is attached
Agencies Affected:	None

SECTION A

Does this bill authorize:

- An expansion of services which entails additional costs beyond that approved in the current adopted city budget? ☐ Yes ☒ No.
- An undertaking of a new service for which no funding is provided in the current adopted city budget? ☐ Yes ☒ No.
- A commitment of city funding in the future under certain specified conditions? ☐ Yes ☒ No.
- An issuance of bonds, notes and lease-purchase agreements which may require additional funding beyond that approved in the current adopted city budget? ☐ Yes ☒ No.
- An execution or initiation of an activity as a result of federal or state mandates or requirements? ☐ Yes ☒ No.
- A capital improvement project that increases operating costs over the current adopted city budget? ☐ Yes ☒ No.

- A capital improvement project that requires funding not approved in the current adopted city budget or that will require funding in future years? Yes X No.

4565 McRee (Bar-K) Mixed-Use Project Financial Impact Report

Market Average Rate of Return		Project 10 Year Rate of Return	
Low End of Range	High End of Range	No Incentives	w/ Incentives
7.8%	10.5%	9.3%	9.3%

10-Year Revenues to the City	
Gross City Revenue Generated by Project*	\$2,628,515
- City Portion of Incentive	\$627,909
- Revenue Lost to Substitution Effect	\$853,750
= Net Revenue to the City	\$1,146,856
- Baseline Revenue (If No Project)	\$55,800
= Net New Revenue to City	\$1,091,056
Net New Revenue to School District	\$1,073,286

30 Year Return on Investment to the City	
Opportunity Cost/Investment	\$2,334,986
Average Commercial Cost	\$11,740,927
Net Return After Incentive	\$6,433,318
30 Year ROI (Opp. Cost)	175.5%
30 Year ROI (Avg. Cost)	-45.2%

Project Score	
Value Score	19.00
Tax Revenue Score	19.00
Increment Score	2.00
Total Score	40/40
Project Grade	☆☆☆☆☆ /5

TIF Capture Percentages	
Property Tax PILOTS	N/A
Sales Tax	N/A
Food & Beverage Tax	N/A
Earnings & Payroll Tax	N/A
Parking Tax	N/A
Utility Tax	N/A

Project Financing	Amount	Percent
Federal Historic Tax Credits	\$0	
State Historic Tax Credits	\$0	
State Brownfields Tax Credits	\$0	
New Market Tax Credits	\$1,900,000	12%
TIF	\$0	
Hotel Sales Tax Rebate	\$0	
CID/TDD	\$0	
Private Debt	\$9,976,000	65%
3rd Pos. Debt:	\$0	
Equity:	\$3,564,000	23%
Deferred Developer Fee	\$0	
Other Public:	\$0	
Total Project Sources (Permanent)	\$15,440,000	100.0%

Uses of Funds		
Land/Building Acquisition	\$2,000,000	13%
Construction Hard Costs	\$11,608,000	75%
Infrastructure Hard Costs	\$0	
Development Soft Costs	\$925,000	6%
Financing Costs	\$275,000	2%
Developer's Fee	\$232,000	2%
Total Reserves	\$400,000	3%
Total Project Uses	\$15,440,000	100.0%
% Local Public to Private Investment (excluding CID/TDD)		8.6%
% Total Public to Private Investment (excluding CID/TDD)		20.9%

Substitution Rates	
Payroll	15%
Retail Sales	25%
Restaurant	85%
Residents	N/A
Hotel	N/A

TIF Payoff Year	N/A
Break Even Year	2021
Years to Break Even (from project completion)	1

* City Revenue projections excludes personal property, parking and utility tax estimates.

4591 McRee Commercial Project Financial Impact Report

Market Average Rate of Return		Project 10 Year Rate of Return	
Low End of Range	High End of Range	No Incentives	w/ Incentives
7.2%	10.2%	8.3%	8.3%

10-Year Revenues to the City	
Gross City Revenue Generated by Project*	\$4,282,592.00
- City Portion of Incentive	\$768,490.00
- Revenue Lost to Substitution Effect	\$843,787.00
= Net Revenue to the City	\$2,670,315.00
- Baseline Revenue (If No Project)	\$39,631.00
= Net New Revenue to City	\$2,630,684.00
= Net New Revenue to School District	\$599,353.00

30 Year Return on Investment to the City	
Opportunity Cost/Investment	\$3,273,513.00
Average Commercial Cost	\$16,460,089.00
Net Return After Incentive	\$14,490,949.00
30 Year ROI (Opp. Cost)	342.7%
30 Year ROI (Avg. Cost)	-12.0%

	Project Score
Value Score	19.00
Tax Revenue Score	19.00
Increment Score	2.00
Total Score	40/40

Project Grade ☆☆☆☆☆ /5

TIF Capture Percentages	
Property Tax PILOTS	N/A
Sales Tax	N/A
Food & Beverage Tax	N/A
Earnings & Payroll Tax	N/A
Parking Tax	N/A
Utility Tax	N/A

* City Revenue projections excludes personal property, parking and utility tax estimates.

Project Financing	Amount	Percent
Federal Historic Tax Credits	\$0.00	
State Historic Tax Credits	\$0.00	
State Brownfields Tax Credits	\$0.00	
New Market Tax Credits	\$0.00	
TIF	\$0.00	
Hotel Sales Tax Rebate	\$0.00	
CID/TDD	\$1,192,317.69	8%
Private Debt	\$8,653,300.00	60%
3rd Pos. Debt:	\$0.00	
Equity:	\$4,570,382.31	32%
Deferred Developer Fee	\$0.00	
Other Public:	\$0.00	
Total Project Sources (Permanent)	\$14,416,000.00	100.0%

Uses of Funds		
Land/Building Acquisition	\$1,700,000.00	12%
Construction Hard Costs	\$11,596,500.00	80%
Infrastructure Hard Costs	\$0.00	
Development Soft Costs	\$525,000.00	4%
Financing Costs	\$240,000.00	2%
Developer's Fee	\$354,500.00	2%
Total Reserves	\$0.00	
Total Project Uses	\$14,416,000.00	100.0%
% Local Public to Private Investment (excluding CID/TDD)		15.4%
% Total Public to Private Investment (excluding CID/TDD)		15.4%

Substitution Rates	
Payroll	25%
Retail Sales	25%
Restaurant	N/A
Residents	N/A
Hotel	N/A

TIF Payoff Year	N/A
Break Even Year	2022
Years to Break Even (from project completion)	0